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August 2, 2005

BY OVERNIGHT DELIVERY AND E-FILE

Mary L. Cottrell, Secretary  
Department of Telecommunications and Energy  
One South Station  
Boston, MA 02110

Re: Bay State Gas Company, D.T.E. 05-27

Dear Ms. Cottrell:

Enclosed for filing, on behalf of Bay State Gas Company ("Bay State"), please find Bay State's responses to the following Record Requests:

From the Attorney General:

RR-AG-51	RR-AG-53	RR-AG-69
RR-AG-73	RR-AG-74	

From the Department:

RR-DTE-49 (Supp.)	RR-DTE-50	RR-DTE-71
RR-DTE-74 (CD)	RR-DTE-86	RR-DTE-108
RR-DTE-110	RR-DTE-112	

From the USWA:

RR-USWA-3	RR-USWA-9	RR-USWA-12
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From the UWUA:

RR-UWUA-3	RR-UWUA-6	RR-UWUA-7
RR-UWUA-8		

Please do not hesitate to telephone me with any questions whatsoever.

Very truly yours,

Patricia M. French

cc: Per Ground Rules Memorandum issued June 13, 2005:

Paul E. Osborne, Assistant Director – Rates and Rev. Requirements Div. (1 copy)

A. John Sullivan, Rates and Rev. Requirements Div. (4 copies)

Andreas Thanos, Assistant Director, Gas Division (1 copy)

Alexander Cochis, Assistant Attorney General (4 copies)

Service List (1 electronic copy)

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO  
RECORD REQUESTS FROM THE ATTORNEY GENERAL  
D.T.E. 05-27

Date: August 2, 2005

Responsible: John E. Skirtich, Consultant (Revenue Requirements)

RR-AG-51: Provide the original cost of the building as of the sale date, for the Westborough building. Also, provide the balance of accumulated deferred income taxes as of the sale date.

Response: The original cost of the Westborough building as of the date of the sale was \$11,409,654.

The amount of accumulated deferred income taxes at the time of the sale is estimated to be \$178,031.

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

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D.T.E. 05-27

Date: August 2, 2005

Responsible: Stephen H. Bryant, President

RR-AG-53: Either identify in the record the cost allocation of the Call Center to Energy Products and Services, or provide the allocation of such costs.

Response: Please see the Company's response to RR-AG-53. In particular, see line 18 of Attachment RR-AG-55.

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO  
RECORD REQUESTS FROM THE ATTORNEY GENERAL  
D.T.E. 05-27

Date: August 2, 2005

Responsible: Steven A. Barkauskas, Vice President Total Rewards

RR-AG-69: Does NiSource have benchmarks for determining the expected performance and measuring the actual performance of the private equity, hedge funds, distressed debts, and high-yield bonds?

Response: The following indices are used to measure the performance of NiSource's pension trust assets invested in private equity, hedge funds, distressed debts, and high-yield bonds.

Private Equity	Cambridge Private Equity Index Cambridge US Venture Capital Index
Hedge Funds	Hedge Fund Research Institute Equity Market Neutral Index
Distressed Debt	Credit Suisse First Boston/Tremont Distressed Index
High-yield Bonds	Merrill Lynch High Yield Cash Pay Bond Index

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO  
RECORD REQUESTS FROM THE ATTORNEY GENERAL  
D.T.E. 05-27

Date: August 2, 2005

Responsible: Danny G. Cote, General Manager

RR-AG-73: Regarding Attachment DTE-3-22 Revised, page 29 of 115, the MCI detailed project-cost report, explain what the subtotal for Output No. 166 means and what the amount in that line of \$353,812.20 indicates.

Response: The subtotal for Output No. 166 represents the installation costs for Commercial and Industrial (C&I) services. The \$353,812.20 is the amount incurred to construct the service line to serve the MCI Bridgewater complex. Service line costs are included in the total cost amounts used to calculate the project's pre and post construction rate of returns (ROR).

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO  
RECORD REQUESTS FROM THE ATTORNEY GENERAL  
D.T.E. 05-27

Date: August 2, 2005

Responsible: Danny G. Cote, General Manager

RR-AG-74: Provide a calculation of the post-construction IRR for Project ID S99D1064.

Response: Please see Attachment RR-AG-74 for a post construction Internal Rate of Return calculation for Project ID S99D1064.

POST CONSTRUCTION - RATE OF RETURN ESTIMATE

Project: Van Sickle School & Police/Fire Complex  
Springfield

	Results Summary				
	55 Yrs.	35 Yrs.	15 Yrs.	10 Yrs.	5 Yrs.
* IRR	12.06%	11.85%	8.52%	3.39%	-15.18%
* NPV	\$48,912	\$41,257	(\$1,396)	(\$29,043)	(\$69,670)
* Customer Contribution	\$0	\$0	\$2,252	\$46,844	\$112,372

Year	Investment	Revenue	O&M	Property Tax	Profit Before Taxes	Depreciation 20 Year Class	Income Taxes	Total Net Income	Total Net Cash Flow (\$126,637)	P.V. OF Cash Flow (\$126,637)	Payback Calculation (\$126,637)	Payback Period
1	\$126,637	\$19,568	\$1,227	\$4,665	\$13,676	\$4,749	\$3,392	\$5,535	\$10,284	9,460	(\$117,177)	0
2	0	26,095	1,557	4,490	20,048	9,142	4,144	6,762	15,903	13,460	(103,717)	2
3	0	26,095	1,557	4,154	20,384	8,456	4,533	7,396	15,851	12,342	(91,375)	3
4	0	26,095	1,557	3,842	20,696	7,822	4,892	7,982	15,804	11,320	(80,055)	4
5	0	26,095	1,557	3,554	20,984	7,235	5,225	8,525	15,759	10,385	(69,670)	5
6		26,095	1,557	3,287	21,251	6,693	5,532	9,026	15,719	9,529	(60,142)	6
7		26,095	1,557	3,041	21,497	6,190	5,817	9,490	15,680	8,745	(51,397)	7
8		26,095	1,557	2,813	21,725	5,727	6,080	9,919	15,646	8,027	(43,370)	8
9		26,095	1,557	2,602	21,936	5,651	6,189	10,097	15,748	7,433	(35,937)	9
10		26,095	1,557	2,394	22,144	5,649	6,268	10,227	15,876	6,894	(29,043)	10
11		26,095	1,557	2,186	22,352	5,651	6,347	10,355	16,006	6,394	(22,650)	11
12		26,095	1,557	1,977	22,561	5,649	6,426	10,485	16,134	5,929	(16,720)	12
13		26,095	1,557	1,769	22,769	5,651	6,505	10,613	16,264	5,498	(11,222)	13
14		26,095	1,557	1,561	22,977	5,649	6,585	10,743	16,392	5,098	(6,124)	14
15		26,095	1,557	1,353	23,185	5,651	6,663	10,871	16,522	4,727	(1,396)	15
16		26,095	1,557	1,145	23,393	5,649	6,743	11,001	16,651	4,383	2,987	16
17		26,095	1,557	937	23,601	5,651	6,821	11,129	16,780	4,063	7,050	17
18		26,095	1,557	728	23,810	5,649	6,901	11,259	16,909	3,767	10,817	18
19		26,095	1,557	520	24,018	5,651	6,979	11,388	17,038	3,492	14,309	19
20		26,095	1,557	312	24,226	5,649	7,059	11,517	17,167	3,237	17,545	20
21		26,095	1,557	104	24,434	2,825	8,211	13,397	16,223	2,814	20,359	21
22		26,095	1,557	(0)	24,538	0	9,324	15,214	15,214	2,428	22,787	22
23		26,095	1,557	0	24,538	0	9,324	15,214	15,214	2,233	25,020	23
24		26,095	1,557	0	24,538	0	9,324	15,214	15,214	2,055	27,075	24
25		26,095	1,557	0	24,538	0	9,324	15,214	15,214	1,890	28,965	25
26		26,095	1,557	0	24,538	0	9,324	15,214	15,214	1,739	30,704	26
27		26,095	1,557	0	24,538	0	9,324	15,214	15,214	1,600	32,303	27
28		26,095	1,557	0	24,538	0	9,324	15,214	15,214	1,472	33,775	28
29		26,095	1,557	0	24,538	0	9,324	15,214	15,214	1,354	35,129	29
30		26,095	1,557	0	24,538	0	9,324	15,214	15,214	1,246	36,375	30
31		26,095	1,557	0	24,538	0	9,324	15,214	15,214	1,146	37,520	31
32		26,095	1,557	0	24,538	0	9,324	15,214	15,214	1,054	38,574	32
33		26,095	1,557	0	24,538	0	9,324	15,214	15,214	970	39,544	33
34		26,095	1,557	0	24,538	0	9,324	15,214	15,214	892	40,436	34
35		26,095	1,557	0	24,538	0	9,324	15,214	15,214	821	41,257	35
36		26,095	1,557	0	24,538	0	9,324	15,214	15,214	755	42,012	36
37		26,095	1,557	0	24,538	0	9,324	15,214	15,214	695	42,707	37
38		26,095	1,557	0	24,538	0	9,324	15,214	15,214	639	43,346	38
39		26,095	1,557	0	24,538	0	9,324	15,214	15,214	588	43,934	39
40		26,095	1,557	0	24,538	0	9,324	15,214	15,214	541	44,474	40
41		26,095	1,557	0	24,538	0	9,324	15,214	15,214	498	44,972	41
42		26,095	1,557	0	24,538	0	9,324	15,214	15,214	458	45,430	42
43		26,095	1,557	0	24,538	0	9,324	15,214	15,214	421	45,851	43
44		26,095	1,557	0	24,538	0	9,324	15,214	15,214	387	46,238	44
45		26,095	1,557	0	24,538	0	9,324	15,214	15,214	356	46,594	45
46		26,095	1,557	0	24,538	0	9,324	15,214	15,214	328	46,922	46
47		26,095	1,557	0	24,538	0	9,324	15,214	15,214	302	47,224	47
48		26,095	1,557	0	24,538	0	9,324	15,214	15,214	277	47,501	48
49		26,095	1,557	0	24,538	0	9,324	15,214	15,214	255	47,757	49
50		26,095	1,557	0	24,538	0	9,324	15,214	15,214	235	47,991	50
51		26,095	1,557	0	24,538	0	9,324	15,214	15,214	216	48,207	51
52		26,095	1,557	0	24,538	0	9,324	15,214	15,214	199	48,406	52
53		26,095	1,557	0	24,538	0	9,324	15,214	15,214	183	48,589	53
54		26,095	1,557	0	24,538	0	9,324	15,214	15,214	168	48,757	54
55		26,095	1,557	0	24,538	0	9,324	15,214	15,214	155	48,912	55
56		26,095	1,557	0	24,538	0	9,324	15,214	(11,423)	(1,043)	47,869	56
Total	126,637	1,454,793	86,862	47,434	1,320,497	126,637	453,667	740,193	613,556	47,869	649,596	



**Bay State Gas Company**  
**Van Sickle School & Fire/Police Complex - Project S99D1064**  
**Project Summary**

**Capital & O&M Costs**

	<b><u>Actual</u></b>
Mains	\$ 120,013
Services	6,064
Meters	<u>560</u>
Total	\$ 126,637

Total O&M

Current	\$ 1,227
Expected	\$ 1,557

<b><u>Load &amp; Net Revenue</u></b>	<b><u>Annual Load (Mcf)</u></b>	<b><u>Annual Net Revenue</u></b>
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Van Sickle School (2 meters)		
Total current	10,372	\$ 18,203
Total expected	14,234	\$ 23,305

Fire & Police Complex (1 meter)

Total current	521	\$ 1,365
Total expected	1,368	\$ 2,790

Total

Total current	10,893	\$ 19,568
Total expected	15,602	\$ 26,095

**Rate of Return (ROR)**

**12.06%**

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO  
RECORD REQUESTS FROM THE D.T.E.  
D.T.E. 05-27

Date: August 2, 2005

Responsible: Stephen H. Bryant, President

**SUPPLEMENTAL RESPONSE**

RR-DTE-49: Provide the number of Metscan devices that were installed on inside and outside meters by 2001.

Response: Attachment RR-DTE-49 is an estimate of the number of Metscan devices that were installed on inside and outside meters by 2001.

**SUPPLEMENTAL RESPONSE**

RR-DTE-049 SUPP: Provide the number of Metscan devices installed between 1987 and 2004.

Response: Although the Company does not have a record of the number of Metscan devices that were installed each year, Attachment RR-DTE-049 SUPPLEMENT provides an estimate of units installed each year based on capital additions for Metscan units each year and the total number of units that were installed by the end of 2000.

**Bay State Gas Company**  
**Estimate of Metscan Units Installed Each Year**  
**1987 - 2000**

(1)	(2)	(3)	(4)	(5)
Year	Plant Additions	Estimated Unit Additions	% of Total	Cumulative % Installed
1987	\$8,921.66	49	0.0%	0.0%
1988	7,218.71	40	0.0%	0.0%
1989	2,031.06	11	0.0%	0.0%
1990	806,586.12	4,425	1.9%	2.0%
1991	3,450,794.18	18,929	8.3%	10.3%
1992	3,714,229.59	20,374	8.9%	19.2%
1993	3,913,356.94	21,467	9.4%	28.6%
1994	4,888,745.61	26,817	11.8%	40.4%
1995	3,991,716.31	21,897	9.6%	50.0%
1996	6,779,857.32	37,191	16.3%	66.3%
1997	8,223,192.32	45,108	19.8%	86.1%
1998	2,658,238.68	14,582	6.4%	92.5%
1999	2,831,984.32	15,535	6.8%	99.3%
2000	<u>273,149.65</u>	<u>1,498</u>	<u>0.7%</u>	100.0%
<b>Total</b>	<u><b>\$41,550,022.47</b></u>	<u><b>227,923</b></u>	<u><b>100.0%</b></u>	

Column (2) taken from plant additions as provided in Attachment DTE 01-19.

Total of Column (3) taken from Attachment RR-DTE-49.

Annual amounts in Column (4) are based on expenditures in that year as a percentage of total expenditures for Metscan multiplied by the total of Column (3).

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO  
RECORD REQUESTS FROM THE D.T.E.  
D.T.E. 05-27

Date: August 2, 2005

Responsible: Stephen H. Bryant

RR-DTE-50: Provide the number of therms associated with the bad-debt write-offs, as well and the number of accounts as referenced in the Company's responses to Information Requests DTE-09-10 and DTE-09-15 (Relating to Workpapers JES-6, Pages 21 and 22.)

Response: The Company has conducted a preliminary investigation as to its ability to identify therms associated with bad-debt write-offs. The Company concludes that (1) it does not currently have the ability to identify the therms associated with bad debt write-offs, (2) specific programming for this undertaking would be required, and (3) this program would take several weeks to complete. No accurate estimate of the cost of this programming can be offered at this time.

It should be kept in mind that an effort to identify therms associated with bad debt on an account-by-account basis will only be an approximation, as there are a number of factors that make a direct link between therm sales and bad debt difficult. For instance, some portion of each bad debt is associated with the customer charge. It would be necessary to identify these revenues separately. Also, assumptions would be required when partial payments are received. Overall, the Company is of the opinion that an attempt to identify the number of therms associated with each bad debt write-off would be data intensive, complicated and would, at best, only be an approximation due to the issues mentioned above.

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO  
RECORD REQUESTS FROM THE D.T.E.  
D.T.E. 05-27

Date: August 2, 2005

Responsible: John E. Skirtich, Consultant (Revenue Requirement)

RR-DTE-71: Revise Schedule JES-17, pages 11 and 12 of 12, to include the number of leaks repaired for services and calculate the O&M leak-repair offset, together with the leaks repaired for mains, for the four-year period. Provide the report for Bay State Gas Company's activity-based costing system referenced in footnote 1 of Schedule JES-17, page 12 of 12.

Response: Bay State does not repair leaks on unprotected steel services, but rather replaces the service. Therefore, unprotected steel service leak repair data does not exist.

Total per unit corrosion leak repair costs on unprotected mains were derived by removing from the total main leak repair costs all leaks repaired and leak costs not attributed to corrosion leaks on bare steel main. The non-corrosion leak numbers and costs are comprised of all joint clamp leaks on cast iron pipe, third party leaks, outside force leaks, construction defect leaks, material defect leaks and any other non-corrosion related leaks. For example, on Attachment RR-DTE-71, Corrosion Leak Repair Cost (Line No. 12) is equal to Total Main Leak Repair Costs (Line No. 3) less Joint Clamp Leak Repair Costs (Line No. 6) less Other Leak Repair Costs (Line No. 9).

The total main leak repair numbers and cost data were extracted (on – line) from the Company's Activity Based Costs ("ABC") files of which its data source is the Lawson General Ledger Flex Budget ("FB") System. No ABC "report" is available as the data was extracted using Lawson's "on-line" capabilities. Joint clamps on cast iron main pipe repair numbers and costs were extracted from the Company's Work Order Management System (WOMS).

The Company has provided 5 years of main leak repair data instead of the requested 4 years to be consistent with 5 years of main replacement data provided in the Company's response to RR-DTE-67.

**Bay State Gas Company**  
**SIR Base Rate Adjustment**  
**Main Corrosion Leak Repair Numbers and Costs - WORKPAPER**  
**1999 through 2003**  
**ACTUAL**

		[1]	[2]	[3]	[4]	[5]		
<b>Line No.</b>	<b>Total Main Leak Repair</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>Average</b>	<b>Source:</b>
1	# of Main Leaks Repaired	1,286	1,428	1,256	1,504	1,855	1,466	Activity Based Costs data in Lawson General Ledger Flex Budget (FB20) system
2	Cost per Unit	\$ 1,123.38	\$ 932.03	\$ 1,015.14	\$ 896.83	\$ 993.82	\$ 988.27	Line 3 divided by Line 1
3	Total Cost	1,444,668	1,330,940	1,275,017	1,348,836	1,843,542	1,448,601	Activity Based Costs data in Lawson General Ledger Flex Budget (FB20) system
	<b>Joint Clamp Leak Repair</b>	<b>1/</b>						
4	# of Cast Iron Main Leaks Repaired	429	333	293	336	359	350	Work Order Management System (WOMS)
5	Cost per Unit	\$ 501.35	\$ 637.53	\$ 780.01	\$ 631.01	\$ 671.53	\$ 633.72	Line 6 divided by Line 4
6	Total Cost	215,078	212,297	228,543	212,021	241,078	221,803	Work Order Management System (WOMS)
	<b>Other Leak Repair</b>	<b>2/</b>						
7	# or Other Main Leaks Repaired	206	291	277	555	725	411	Line 1 - Line 4 - Line 10
8	Cost per Unit	\$ 1,567.96	\$ 1,039.27	\$ 1,220.74	\$ 974.62	\$ 1,079.85	\$ 1,113.62	Line 7 X (Line 3 - Line 6 - Line 12)
9	Total Cost	323,000	302,428	338,144	540,913	782,889	457,475	Line 7 X Line 8
	<b>Corrosion Leak Repair</b>	<b>3/</b>						
10	# of Corrosion Leaks Repaired	651	804	686	613	771	705	Department of Transportation (DOT) form RSPA F7100.1-1 and Schedule JES-17, p.12
11	Cost per Unit	\$1,392.61	\$1,015.19	\$1,032.55	\$972.11	\$1,063.00	\$ 1,091.24	Line 12 divided by Line 10 and Schedule JES-17, p.12
12	Total Cost	906590	816,215	708,330	595,902	819,575	769,323	Line 3 - Line 6 - Line 9 and Schedule JES-17, p.12

1/ Joint Clamp leaks occur on cast iron pipe

2/ Other Leaks consist of Third Party, Outside Force, Construction Defect, Material Defect and Other as reported in Department of Transportation (DOT) form RSPA F7100.1-1

3/ Main Corrosion leaks occur on bare steel pipe

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO  
RECORD REQUESTS FROM THE D.T.E.  
D.T.E. 05-27

Date: August 2, 2005

Responsible: John E. Skirtich, Consultant (Revenue Requirement)

RR-DTE-74: Recalculate JES-17 with changes noted during cross-examination and provide an electronic copy of JES-17.

Response: Attachment RR-DTE-74 recalculates the SIR Base Rate Adjustment as filed incorporating the below-listed changes. A single electronic copy of Attachment RR-DTE-74 is being filed on CD directly with the Department.

- A revised Page 3 reflecting a five-year average of Historical Bare Steel Replacement Capital Expenditures as provided in response to RR-DTE-67.
- A revised Page 9 reflecting a revised formula for calculating the carrying costs as provided in response to RR-DTE-68.
- A revised Page 12 reflecting a five-year average of Main Corrosion Leak repair activity based on the period 1999 through 2003. This change was not requested. However, to be consistent with the five-year average of Historical Base Steel Replacement Capital Expenditures, 1999 has included in the leak repair calculation.

Leak repair activity for services was not included. As noted in the response to RR-DTE-71, Bay State does not repair leaks on unprotected steel services, but rather replaces the service.

Please note, Schedule JES-17 as originally filed assumed \$20,000,000 of current year additions to be included in the SIR Base Rate Adjustment after considering the base year level (See Page 4, Column 5 as filed.) The Current Year Total Direct Additions of \$19,308,420, shown on Page 2, Column 1 was backed into to assure that \$20,000,000 would flow to the SIR Base Rate Adjustment. To show the impact of a base year level calculated on a five year-average (Page 3), the same level of direct capital expenditures totaling \$19,308,420 shown on Page 2, Column 1 was allowed to flow through the schedule and calculate the level of current year additions to be included in the SIR Base Rate Adjustment. As a result, the Current Year Additions shown on Page 4, Column 5 dropped from \$20,000,000 as filed to \$19,565,788. If approved, Schedule JES-17 will work as submitted with this Record Request.

As a result of these changes, the second year revenue request dropped from \$3,354,373 to \$3,232,014 or \$122,359 decrease.

Witness: Skirtich  
D.T.E. 05-27  
Exh.BSG/JES-1  
Schedule JES-17  
Page 1 of 12

**Bay State Gas Company  
SIR Base Rate Adjustment  
Revenue Requirement  
SAMPLE**

<b><u>Ln. No.</u></b>	<b><u>Description</u></b> (1)	<b><u>Detail</u></b> (2) (\$)	<b><u>Total</u></b> (3) (\$)	<b><u>Reference</u></b> (4)
<b><u>Rate Base:</u></b>				
1	Property, Plant & Equipment (P,P &E)		39,565,788	Pg. 4 of 12, Col.6, Ln. 5.
2	Accumulated Reserve for Depreciation		(1,051,461)	Pg. 5 of 12, Col. 5, Ln. 5
3	Net P, P, & E (Ln. 1 + Ln. 2)		38,514,328	
4	Accumulated Deferred Income Tax		(735,883)	Pg. 7 of 12, Col. 18, Ln. 3.
5	Net Rate Base (Ln. 3 + Ln. 4)		37,778,445	
<b><u>Revenue Requirement:</u></b>				
		2		
6	Depreciation Expense		1,044,693	Pg. 6 of 12, Col. 7. Ln. 5
7	Property Tax		717,694	Pg. 8 of 12, Col. 4, Ln. 9
8	Carrying Costs - In Service to Rate Implementation		2,553,348	Pg. 9 of 12, Col. 5, Ln.23
9	Pre-tax return	13.05%	4,930,087	Pg. 10 of 12, Col. 5, Ln. 3
10	Revenue Requirement (Lns. 6 thru 10)		9,245,822	
<b><u>11 Previously Approved Increases:</u></b>				
12	Year 1	5,979,860		
13	Year 2	-		
14	Total (Ln. 12 plus Ln. 13)		5,979,860	
15	Additional Gross Revenue Request (Ln. 10 less Ln. 14)		3,265,962	
16	Total Program Year O&M Leak Repair Offset		33,948	Pg. 11 of 12, Col.3, Ln. 7
17	Net Additional Revenue Requirement (Ln. 15 less Ln. 16)		3,232,014	



Witness: Skirtich  
D.T.E. 05-27  
Exh.BSG/JES-1  
Schedule JES-17  
Page 2 of 12

Bay State Gas Company  
SIR Base Rate Adjustment  
Eligible Additions  
SAMPLE

<u>Ln. No.</u>	<u>Description</u>	<u>Current Year Total Direct Additions (1) (\$)</u>	<u>Four Year Avg. Pg. 3, Col. 6 (2) (\$)</u>	<u>Eligible Additions For SIR (3)=(1-2) (\$)</u>
<b><u>Bare Steel Replacement Costs</u></b>				
1	Mains	15,552,265	3,113,755	12,438,510
2	Services	3,231,844	1,044,388	2,187,456
3	Meter Installations and Other Eligible Facilities	<u>524,311</u>	<u>214,560</u>	<u>309,751</u>
4	Total Cost	<u>19,308,420</u>	<u>4,372,704</u>	<u>14,935,716</u>

**Bay State Gas Company**  
**SIR Base Rate Adjustment**  
**Historical Bare Steel Replacement Capital Expenditures**  
**Direct Costs**  
**1999 through 2003**  
**ACTUAL**

<u>Ln.</u> <u>No.</u>	<u>Description</u> (1)	<u>1999</u> (2) (\$)	<u>2000</u> (3) (\$)	<u>2001</u> (4) (\$)	<u>2002</u> (5) (\$)	<u>2003</u> (6) (\$)	<u>Average</u> (7) (\$)
<b><u>Bare Steel Replacement Costs</u></b>							
1	Mains	4,633,981	1,683,647	3,555,845	2,533,660	3,161,644	3,113,755
2	Services	889,007	744,544	1,324,186	1,077,621	1,186,583	1,044,388
3	Other Additions	<u>175,555</u>	<u>130,265</u>	<u>292,982</u>	<u>224,915</u>	<u>249,083</u>	<u>214,560</u>
	Total Cost	5,698,543	2,558,456	5,173,013	3,836,196	4,597,310	4,372,704

Witness: Skirtich  
 D.T.E. 05-27  
 Exh.BSG/JES-1  
 Schedule JES-17  
 Page 4 of 12

**Bay State Gas Company**  
**SIR Base Rate Adjustment**  
**Property, Plant & Equipment**  
**SAMPLE**

<u>Ln.</u> <u>No.</u>	<u>Description</u>	<u>Beginning</u> <u>Balance</u>	<u>Eligible</u> <u>Additions</u> <u>Pg. 2, Col. 3.</u>	<u>Overheads @</u> <u>31%</u>	<u>Current</u> <u>Year</u> <u>Additions</u>	<u>Ending</u> <u>Balance</u>
	(1)	(2)	(3)	(4)=(3*31%)	(5)=(3+4)	(6)=(2+5)
		(\$)	(\$)	(\$)	(\$)	(\$)
1	Mains	16,620,000	12,438,510	3,855,938	16,294,448	32,914,448
2	Services	3,020,000	2,187,456	678,111	2,865,567	5,885,567
3	Meter Installations and Other Eligible Facilities	360,000	309,751	96,023	405,774	765,774
4	Regulators	-	-	-	-	-
5	Total P,P&E	<u>20,000,000</u>	<u>14,935,716</u>	<u>4,630,072</u>	<u>19,565,788</u>	<u>39,565,788</u>

Witness: Skirtich

D.T.E. 05-27

Exh.BSG/JES-1

Schedule JES-17

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**Bay State Gas Company  
SIR Base Rate Adjustment  
Reserve for Depreciation  
SAMPLE**

<b>Ln. No.</b>	<b>Description (1)</b>	<b>Beginning Balance 1/ (2) (\$)</b>	<b>Depreciation on Beginning Plant Balance Pg. 6 of 12 Col. 4 (3) (\$)</b>	<b>Depreciation on Current Additions Pg. 6 of 12 Col. 6 (4) (\$)</b>	<b>Ending Balance (5)=(2+3+4) (\$)</b>
1	Mains	180,327	360,654	176,795	717,776
2	Services	78,218	156,436	74,218	308,872
3	Meter Installations	6,012	12,024	6,777	24,813
4	Regulators	-	-	-	-
5	Total	<u>264,557</u>	<u>529,114</u>	<u>257,790</u>	<u>1,051,461</u>

Witness: Skirtich  
D.T.E. 05-27  
Exh.BSG/JES-1  
Schedule JES-17  
Page 6 of 12

Bay State Gas Company  
SIR Base Rate Adjustment  
Depreciation  
SAMPLE

Ln. No.	Description (1)	Beginning Plant Balance (2) (\$)	Deprec. Rates (3) (\$)	Deprec. on Beginning Balance (4)=(2*3) (\$)	Current Year Additions Pg. 4 of 12 Col. 5 (5) (\$)	Half Year Depreciation on Additions (6)=(3*5)/2 (\$)	Annualized Depreciation (7)=(2+5*2)
1	Mains	16,620,000	2.17%	360,654	16,294,448	176,795	714,244
2	Services	3,020,000	5.18%	156,436	2,865,567	74,218	304,872
3	Meters	360,000	3.34%	12,024	405,774	6,777	25,577
4	Regulators	-	4.06%	-	-	-	-
5	Total	<u>20,000,000</u>		<u>529,114</u>	<u>19,565,788</u>	<u>257,790</u>	<u>1,044,693</u>

Witness: Skirtich  
D.T.E. 05-27  
Exh.BSG/JES-1  
Schedule JES-17  
Page 7 of 12

Bay State Gas Company  
SIR Base Rate Adjustment  
Tax Depreciation  
SAMPLE

Ln. No.	Tax Rate Life Rates		Year	Year 1	Year 2	Year 3	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Annual Tax	Book Deprec.	Difference	Differed	Accumulated
	Additions	Additions		Additions	Additions	Additions	Additions	Additions	Additions	Depreciation	1/ 2/	Tax @	Deferred						
	(1)	(2)		(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)		(16)	(17)
				(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)		(\$)	(\$)
1				20,000,000	19,565,788														
Tax Depreciation																			
2	0.03750	1		750,000											750,000	264,557	485,443	190,415	190,415
3	0.07219	2		1,443,800	733,717										2,177,517	786,904	1,390,614	545,468	735,883
4	0.06677	3		1,335,400	1,412,454	-									2,747,854	-	2,747,854	1,077,846	1,813,729
5	0.06177	4		1,235,400	1,306,408	-	-								2,541,808	-	2,541,808	997,024	2,810,753
6	0.05713	5		1,142,600	1,208,579	-	-	-							2,351,179	-	2,351,179	922,250	3,733,003
7	0.05285	6		1,057,000	1,117,793	-	-	-	-						2,174,793	-	2,174,793	853,063	4,586,066
8	0.04888	7		977,600	1,034,052	-	-	-	-	-					2,011,652	-	2,011,652	789,070	5,375,136
9	0.04522	8		904,400	956,376	-	-	-	-	-	-				1,860,776	-	1,860,776	729,889	6,105,025
10	0.04462	9		892,400	884,765	-	-	-	-	-	-	-			1,777,165	-	1,777,165	697,093	6,802,118
11	0.04461	10		892,200	873,025	-	-	-	-	-	-	-	-		1,765,225	-	1,765,225	692,410	7,494,528
12	0.04462	11		892,400	872,830	-	-	-	-	-	-	-	-	-	1,765,230	-	1,765,230	692,411	8,186,939
13	0.04461	12		892,200	873,025	-	-	-	-	-	-	-	-	-	1,765,225	-	1,765,225	692,410	8,879,349
14	0.04462	13		892,400	872,830	-	-	-	-	-	-	-	-	-	1,765,230	-	1,765,230	692,411	9,571,760
15	0.04461	14		892,200	873,025	-	-	-	-	-	-	-	-	-	1,765,225	-	1,765,225	692,410	10,264,170
16	0.04462	15		892,400	872,830	-	-	-	-	-	-	-	-	-	1,765,230	-	1,765,230	692,411	10,956,581
17	0.04461	16		892,200	873,025	-	-	-	-	-	-	-	-	-	1,765,225	-	1,765,225	692,410	11,648,991
18	0.04462	17		892,400	872,830	-	-	-	-	-	-	-	-	-	1,765,230	-	1,765,230	692,411	12,341,402
19	0.04461	18		892,200	873,025	-	-	-	-	-	-	-	-	-	1,765,225	-	1,765,225	692,410	13,033,812
20	0.04462	19		892,400	872,830	-	-	-	-	-	-	-	-	-	1,765,230	-	1,765,230	692,411	13,726,223
21	0.04461	20		892,200	873,025	-	-	-	-	-	-	-	-	-	1,765,225	-	1,765,225	692,410	14,418,633
22	0.02231	21		446,200	872,830	-	-	-	-	-	-	-	-	-	1,319,030	-	1,319,030	517,390	14,936,023
23					436,513	-	-	-	-	-	-	-	-	-	436,513	-	436,513	171,222	15,107,245
24						-	-	-	-	-	-	-	-	-	-	-	-	-	-
25							-	-	-	-	-	-	-	-	-	-	-	-	-
26								-	-	-	-	-	-	-	-	-	-	-	-
27									-	-	-	-	-	-	-	-	-	-	-
28										-	-	-	-	-	-	-	-	-	-
29											-	-	-	-	-	-	-	-	-
30												-	-	-	-	-	-	-	-
31													-	-	-	-	-	-	-
32														-	-	-	-	-	-
33															-	-	-	-	-
34																-	-	-	-
35				20,000,000	19,565,787	-	-	-	-	-	-	-	-	-	39,565,787				

NOTES:  
1/ Source of \$264,557 - Pg. 5 of 12, Col. 2, Ln. 5.  
2/ Source of \$790,774 - Pg. 6 of 12, Cols. 4 & 6, Ln. 5.

Witness: Skirtich  
 D.T.E. 05-27  
 Exh.BSG/JES-1  
 Schedule JES-17  
 Page 8 of 12

**Bay State Gas Company**  
**SIR Base Rate Adjustment**  
**Property Tax**  
**SAMPLE**

<u>Ln.</u> <u>No.</u>	<u>Taxable</u> <u>Property</u>  (1)	<u>Reference</u>  (2)	<u>Detail</u>  (3) (\$)	<u>Taxable</u> <u>Value</u>  (4) (\$)
1	Gross Plant			
2	Mains	Pg. 4 of 12, Col. 6, Ln. 1	32,914,448	
3	Services	Pg. 4 of 12, Col. 6, Ln. 2	<u>5,885,567</u>	38,800,014
4	Reserve for Depreciation			
5	Mains	Pg. 5 of 12, Col. 5, Ln. 1	717,776	
6	Services	Pg. 5 of 12, Col. 5, Ln. 2	<u>308,872</u>	<u>1,026,648</u>
7	Total Taxable Value (Ln. 3 less Ln. 6)			37,773,366
8	Composite Tax Rate for Calendar Year			1.90%
9	Annualized Taxes			<u><u>717,694</u></u>

Witness: Skirtich

D.T.E. 05-27

Exh.BSG/JES-1

Schedule JES-17

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**Bay State Gas Company  
SIR Base Rate Adjustment  
Carrying Costs  
From In Service to Implementation of Rates  
SAMPLE**

<u>Ln. No.</u>	<u>Lag Period</u> (1)	<u>Monthly Additions</u> (2) (\$)	<u>Cumulative Additions</u> (3) (\$)	<u>Pre-tax Cost of Capital</u> (4) (%)	<u>Monthly Cost</u> (5)=(3*5)/12) (\$)
1	Jan.	-	-		-
2	Feb.	-	-		-
3	Mar.	-	-		-
4	April	2,795,169	2,795,169	13.05%	30,397
5	May	2,795,169	5,590,338	13.05%	60,795
6	June	2,795,169	8,385,507	13.05%	91,192
7	July	2,795,169	11,180,676	13.05%	121,590
8	Aug.	2,795,169	13,975,845	13.05%	151,987
9	Sept.	2,795,169	16,771,014	13.05%	182,385
10	Oct.	2,794,774	19,565,788	13.05%	212,778
11	Nov.		19,565,788	13.05%	212,778
12	Dec.		19,565,788	13.05%	212,778
13	Jan.		19,565,788	13.05%	212,778
14	Feb.		19,565,788	13.05%	212,778
15	Mar.		19,565,788	13.05%	212,778
16	Apr.		19,565,788	13.05%	212,778
17	May		19,565,788	13.05%	212,778
18	June		19,565,788	13.05%	212,778
19	July		19,565,788	13.05%	212,778
20	Aug.		19,565,788	13.05%	212,778
21	Sept.		19,565,788	13.05%	212,778
22	Oct.		19,565,788	13.05%	212,778
23	Total				<u>2,553,348</u>



Witness: Skirtich  
D.T.E. 05-27  
Exh.BSG/JES-1  
Schedule JES-17  
Page 10 of 12

Bay State Gas Company  
SIR Base Rate Adjustment  
Rate of Return  
AS FILED IN D.T.E. 05-27

<u>Ln. No.</u>	<u>Item</u> (1)	<u>Capital Ratio</u> (2)	<u>Cost</u> (3)	<u>Weighted Cost</u> (4)	<u>Pre-Tax Cost</u> (5)
1	Debt	46.05%	6.18%	2.85%	2.85%
2	Equity	<u>53.95%</u>	<u>11.50%</u>	<u>6.20%</u>	<u>10.20%</u>
3	Total	100.00%		9.05%	13.05%

Witness: Skirtich  
 D.T.E. 05-27  
 Exh.BSG/JES-1  
 Schedule JES-17  
 Page 11 of 12

**Bay State Gas Company**  
**SIR Base Rate Adjustment**  
**O&M Leak Repair Offset**  
**SAMPLE**

<u>Ln.</u> <u>No.</u>	<u>Description</u> (1)	<u>5 Year Avg.</u> (2)	<u>SIR</u> <u>Program Year 1/</u> (3)	<u>Difference</u> (4 = 2 - 3)	<u>Reference</u> (5)
1	Number of O&M Corrosion Leaks Repaired				
2	Mains	705	674	31	Pg. 12 of 12
3	Costs Per Corrosion Leak Repaired				
4	Mains (Pg. 12, Col. 6. Ln. 3)	\$1,095			Pg. 12 of 12
5	O&M Offset				
6	Mains (Col. 4, Ln. 2 x Col. 2, Ln. 4)		<u>\$33,948</u>		
7	Total Program Year O&M Leak Repair Offset		<u>\$33,948</u>		

## NOTES:

1/ Source - Bay State Gas Company's Annual Department of Transportation Office of Pipeline Safety ("DOT") Report DOT Form RSPA F 7100.1-1, Part C.

**Bay State Gas Company**  
**SIR Base Rate Adjustment**  
**Main Corrosion Leak Repair Costs and Volumes**  
**2000 through 2003**  
**ACTUAL**

<u>Ln.</u> <u>No.</u>	<u>Description</u> (1)	<u>1999</u> (2)	<u>2000</u> (3)	<u>2001</u> (4)	<u>2002</u> (5)	<u>2003</u> (6)	<u>Average</u> (7)=(2 thru 6)/5
1	Repair Costs for Main Corrosion Leaks 1/	\$ 906,590	\$ 816,215	\$ 708,330	\$ 595,902	\$ 819,575	\$ 769,322
2	Number of Main Corrosion Leaks Repaired 2/	651	804	686	613	771	\$ 705
3	Average Main Corrosion Repair Cost per Leak (Ln. 1 / Ln. 2)	\$ 1,393	\$ 1,015	\$ 1,033	\$ 972	\$ 1,063	\$ 1,095

**NOTES:**

1/ Source - Bay State Gas Company's Activity Based Costing (ABC) System

2/ Source - Bay State Gas Company's Annual Department of Transportation Office of Pipeline Safety ("DOT") Report - DOT Form RSPA F 7100.1-1, Part C.

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO  
RECORD REQUESTS FROM THE D.T.E.  
D.T.E. 05-27

Date: August 2, 2005

Responsible: Stephen H. Bryant, President

RR-DTE-086: Is Bay State's current customer information system (CIS) capable of tracking bad debts, on a customer-by-customer basis, to determine how much bad debt is associated with gas, and how much is associated with base rates? If not currently capable of this task, what would need to be done to change the system, how long would it take, and approximately at what cost?

Response: Please see the Company's response to RR-DTE-50.

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO  
RECORD REQUESTS FROM THE D.T.E.  
D.T.E. 05-27

Date: August 2, 2005

Responsible: Danny G. Cote, General Manager  
Richard F. James, V.P. Information Technology

RR-DTE-108: Provide the amortization periods that are used for each of the IT programs listed in Exhibit BSG/DGC-11.

Response: See Table RR-DTE-108 for the amortization periods for each of the IT programs listed on Exhibit BSG/DGC-11.

**Table RR-DTE-108**

Miscellaneous Intangible Plant Additions (Account 303) > \$100K <sup>1</sup>				
Col. 1	Col. 2	Col. 3	Col. 4	Col. 5
List No.	Year(s)	Project Name	Actual Cost	Amortization Periods
1	1996	CLIENT SERVER MIGRATION	\$5,393,116	10 Years
2	1999 2000 2002	SCADA	\$371,214	5 Years
3	1999 2000	EASy SYSTEM	\$3,107,626	10 Years
4	1999	CUSTOMER ACCOUNTING	\$1,754,019	10 Years
5	1999 2000	CIS/CUSTOMER ACCOUNTING	\$15,403,324	10 Years
6	2000 2001	CIS PRO EDITS	\$6,142,735	10 Years
7	2002 2003	CIS ENHANCEMENTS	\$371,064	10 Years
8	2001	PROGRESS V.9 – WOMS UPGRADE	\$105,541	5 years
9	2003	SYSTEM CHANGES TO ACCOMODATE UNBUNDLING (1)	\$155,150	10 Years

<b>Miscellaneous Intangible Plant Additions (Account 303) &gt; \$100K<sup>1</sup></b>				
<b>Col. 1</b>	<b>Col. 2</b>	<b>Col. 3</b>	<b>Col. 4</b>	<b>Col. 5</b>
<b>List No.</b>	<b>Year(s)</b>	<b>Project Name</b>	<b>Actual Cost</b>	<b>Amortization Periods</b>
<b>10</b>	2003	CIS METER TO CASH	\$147,429	5 Years
<b>11</b>	2003	SYSTEM CHANGES TO ACCOMODATE UNBUNDLING (1)	\$172,204	10 Years
<b>12</b>	2003	CORPORATE SERVICES	\$812,361	4 Years
<b>13</b>	2003 2004	METER INVENTORY	\$106,349	5 Years
<b>14</b>	2004	GENEYSIS CTI	\$191,480	5 Years
<b>15</b>	2004	ONE RECORDING / QUALITY ASSURANCE	\$145,366	5 Years

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO  
RECORD REQUESTS FROM THE D.T.E.  
D.T.E. 05-27

Date: August 2, 2005

Responsible: Danny G. Cote, General Manager  
Richard F. James, V.P. Information Technology

RR-DTE-110: Regarding response to DTE-16-21, describing the EASY system, provide a more detailed description of:

- a) The reason why the Company adopted a strategy of the client-server migration;
- b) What were the factors considered at that point in time in adopting that strategy; and
- c) List the major components in operationalizing that strategy.

Response:

- a) Since the early 1990's companies have deployed client-server technology platforms to support computing requirements. The client-server platforms extended the traditional mainframe computing environments that began in the 1960's. The new client-server platforms provided capabilities to easily perform numerous office functions including word processing, spreadsheet analysis and e-mail. Beyond these capabilities they offered a platform that would accommodate a new portfolio of applications developed specifically for the client-server environment. These applications were either purchased or custom developed. In general they are easier and more intuitive to use than those deployed on the mainframe systems. Consequently, in the 1990 virtually all companies developed strategies to deploy client-server technologies.
- b) The primary factors for deploying a client-server environment included the need to enhance the use of current computer technologies to improve workplace effectiveness in the use of general office functions as well as the need to take advantage of new applications that were only being developed for a client-server environment. Overall, installation of the client-server environment provided an alternative to traditional mainframe platforms and allowed the Company the flexibility to deploy technology solutions in the computer environment that best supported the needs of the Company from a cost and effectiveness standpoint.
- c) The components of a client-server platform are numerous. The major components are the PCs, servers and their associated peripheral devices and operating systems.

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO  
RECORD REQUESTS FROM THE D.T.E.  
D.T.E. 05-27

Date: August 2, 2005

Responsible: Danny G. Cote, General Manager  
Thomas E. McKain, Special Projects

RR-DTE-112: Provide the costs corresponding to the enhancements, as identified on the attachment to the response to Information Request DTE-16-23, in as much detail as the Company can provide.

Response: Costs for the major enhancements defined in response to Information Request DTE-16-23 consisted solely of manpower charges for the application development enhancements. The fully loaded rate for the personnel resources performing such activities was approximately \$60 per hour, which equates to approximately 40 man months of effort.



COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO  
RECORD REQUESTS FROM THE USWA, AFL-CIO\CLC

D.T.E. 05-27

Date: August 2, 2005

Responsible: Stephen H. Bryant, President

RR-USWA-3: USWA-2-6 identifies all full-time and part-time employees who left the Call Center since November 1999. Since November 1999, how many employees were added to the Call Center and when were they added?

Response: Table RR-USWA-3 below provides the number of new hires/additions to the Springfield Call Center since November, 1999.

**Table RR-USWA-3**

Year	Number of Hires/Additions to Call Center			
	Exempt	Union Clerical		Total FTE's Added
		Full Time	Part Time *	
11/1-12/31/99	1	6	5	10.75
2000	1	30	1	31.75
2001		2		2.00
2002		3	1	3.75
2003			26	19.5
2004		1	10	8.50
5/31/05			1	.75

\* Note: Part-time positions = .75 FTE

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO  
RECORD REQUESTS FROM THE USWA, AFL-CIO\CLC

D.T.E. 05-27

Date: August 2, 2005

Responsible: Stephen H. Bryant, President

RR-USWA 9: In addition to upgrading its interactive voice-response system, and front-end call-switch, and introducing the online call-aid feature in the Call Center, have there been any other purchases or leases of call-center technology that have improved service quality indicators from 1999 to the present? What are they and when were they purchased?

Response: The Virtual Hold system was added in October of 2004 and the full feature NICE recording system August 2004.

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D.T.E. 05-27

Date: August 2, 2005

Responsible: Stephen H. Bryant, President

RR-USWA 12: With respect to the equipment and technology in the Call Center, please provide the results of any appraisals, audits or bidding that would assist in determining its market value.

Response: The Company has not undertaken any appraisals, audits or bidding to determine the market value of equipment and technology at the Company's Springfield, MA facilities.

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO  
RECORD REQUESTS FROM THE UWUA LOCAL 273

D.T.E. 05-27

Date: August 2, 2005

Responsible: Stephen H. Bryant, President

- RR-UWUA-3: Provide a brief description of the following cases, including the plaintiff, any injured parties (if any) and the general nature of the claim:
1. Poncin v. Central Locating Service et al., Bristol Superior Court No. 98-1067;
  2. Hewitt v. Central Locating Service et al., Bristol Superior Court No. 98-1068;
  3. Cote et al. v. Central Locating Service et al., Bristol Superior Court No. 98-1066;
  4. Shirley Boss v. City of Attleboro, Bay State Gas Company and Central Locating Service, Ltd., Bristol Superior Court Civil Action No. BRCV2001-00083;
  5. Christopher Burns and Tracey Burns v. City of Attleboro, Bay State Gas Company and Central Locating Service, Ltd., Bristol Superior Court Civil Action No. BRCV2001-00083;
- 
1. Chum Chhoy v, City of Attleboro, Central Locating Service, Ltd., and Bay State Gas Company, Bristol Superior Court Civil Action No. BRCV2001-0174;
  2. Dolores T. Dufort and James Dufort v. Central Locating Service, Ltd., Bay State Gas Company, Richard Bray and City of Attleboro, Bristol Superior Court Civil Action No. BRCV2001-00259;
  3. Gerard O. Duphily, Jr. and Betty Duphily v. Central Locating Service, Ltd., Bay State Gas Company, Richard Bray, Asplundh Subsidiary Holdings, Inc. and Asplundh Tree Expert Company, Bristol Superior Court Civil Action No. BRCV2001-0119;
  4. Metropolitan Property and Casualty Insurance Company v. Central Locating Service, Ltd. And Bay State Gas Company, Middlesex Superior Civil Action No. 01-0861L;

5. Sar Peter Sek and Nap Him, Parents and Next Friends of Kellie Thy v. Central Locating Service, Ltd., Bay State Gas Company, Richard Bray and City of Attleboro, Bristol Superior Court Civil Action No. BRCV2001-00260; and
6. Marcel Tabor and Lynn Tabor v. Central Locating Service, Ltd., Bay State Gas Company, Richard Bray and City of Attleboro, Bristol Superior Court Civil Action No. BRCV2001-00180.

Response:

All of these law suits arose out of the March 4, 1998 incident on George Street in Attleboro, Massachusetts. Bay State's contractor which was responsible for marking the location of underground lines in response to Dig Safe calls failed to mark the location of a gas service line correctly and, contrary to Bay State's policies, painted "no gas" on the pavement close to the actual location of a gas service line.

Employees of the City of Attleboro Dept. of Public Works struck the gas service line with a backhoe after the improper mark was painted on the street. Even though they smelled gas and were informed by a resident of the house of a strong smell of gas, the DPW employees stayed in the area and failed to contact the police, fire dept., Bay State or even dial 911. Despite the strong smell of gas, the DPW employees failed to ask the residents of the house to leave or warn them about the obvious meaning of the strong smell of gas. One of the DPW employees did call the DPW office and ask one of the secretaries to contact Bay State. Although this call occurred more than an hour before the explosion, the secretary failed to call Bay State until after the explosion occurred.

As to the details of the 11 claims:

1. Poncin – death of DPW employee
2. Hewitt – death of DPW employee
3. Cote – personal injuries sustained by the five surviving DPW employees, none of which were life threatening and all of these employees returned to work
4. Boss – minor personal injuries and property damage - neighbor
5. Burns – minor personal injuries and property damage - neighbor
6. Chhoy – minor personal injury - neighbor
7. Dufort – minor personal injury - neighbor

8. Duphily – significant personal injury to Mr. Duphily and a loss of consortium claim by Mrs. Duphily. Mr. Duphily was a resident of the incident house and was standing on the sidewalk in front of the house talking with one of the DPW employees at the time of the incident.
9. Metropolitan – small property damage subrogation
10. Sek & Him – minor personal injury to a child
11. Tabor – significant personal injury – burns and spinal fracture without paralysis. Mr. Tabor was a resident of the incident house. He had been home from work ill with a cold or the flu. He smelled gas and came outside to talk with the DPW crew working in the street. He was assured by the DPW crew that it was safe to go back inside the house. He opened his windows and was inside the house at the time of the explosion.

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO  
RECORD REQUESTS FROM THE UWUA LOCAL 273

D.T.E. 05-27

Date: August 2, 2005

Responsible: Stephen H. Bryant, President

RR-UWUA-6: For years 2000 – 2004, provide information on any lease payments received for subleasing space in the Westborough building. Also, confirm that any sublease revenues were included in the cost of services as a credit.

Response: The Company received the following lease payments for subleasing space in the Westborough building:

<u>Year</u>	<u>Amount</u>
2002	\$ 55,716.00
2003	169,152.50
2004	179,653.29

The Company received no lease payments for subleasing space in the Westborough building in 2000 and 2001. The 2004 lease revenue was included as a credit in the rate case cost of service.

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO  
RECORD REQUESTS FROM THE UWUA LOCAL 273

D.T.E. 05-27

Date: August 2, 2005

Responsible: Stephen H. Bryant, President

RR-UWUA-7: Re: UWUA –1-32: If able to locate, submit any past correspondence from Attorney Michelle Lerner to Virginia Anthony of Bay State Gas.

Response: Attachment RR-UWUA-07 are copies of e-mails (1) from Virginia Anthony to Michelle Lerner dated 2/21/03 and (2) a reply e-mail from Michelle Lerner to Virginia Anthony dated 2/27/03.



"Michelle Lerner"  
<mlerner@mvlegal.org>  
02/27/2003 10:49 AM

To: Virginia Anthony/BSG/Enterprise@NiSource  
cc: <kmaciver@mvlegal.org>  
Subject: Re: Your Letter & Voicemail Message

Virginia,

Thanks for your e-mail. Do you have any idea when Steve will be free to discuss these issues? I assume when the annual reports are done, but do you know when that will be? I understand that you are all very busy, but we met in mid-August and at the end of that meeting Steve said he would get back to me and Ken soon. It has now been over 6 months with no reply, and Steve has not returned any of my phone calls. In such circumstances, it is hard to feel like Bay State Gas is taking the issues that we raised very seriously.

I am still hopeful that we can work together on the multiple issues that we discussed, because the August 15 meeting did seem very positive. You have been very helpful on individual cases, and I will continue to contact you if I have individual clients with problems. Since the moratorium has been extended, I do not expect to see many problems over the next two months and hope that this will give us some time to work out the other problems that we discussed last year. If you can give me any idea of when Steve (or you, or anyone else) will be able to get back to me and Ken with substantive information about the issues we raised, I would appreciate it (and it will allow me to stop bugging you about it as well, because I will have some idea of when to expect a reply).

Thanks,  
Michelle

----- Original Message -----  
From: <VAnthony@nisource.com>  
To: <mlerner@mvlegal.org>  
Sent: Friday, February 21, 2003 4:20 PM  
Subject: Your Letter & Voicemail Message

> Hi Michelle, I got your voicemail message yesterday and want to apologize  
> that we have not been able to get back to you. We did receive your letter  
> dated 1/30/03.

>

> I want you to know that I advised Steve Bryant of your call and of the  
> content of your voice mail message. I know that Steve has been meaning to  
> get back to you. At this time of year we are extremely busy with filing  
> annual reports and Steve's involvement in those filings is mandatory, as I  
> am sure you can appreciate.

>

> He does intend to contact you. The moratorium in MA has been extended

> through May 1 for customers eligible for financial hardship protection,  
> which will enable those having financial difficulties maintain their  
> service. Any one having financial difficulties, whether they have a  
> documented financial hardship or not, should contact our credit department  
> to make a payment arrangement if they have an overdue balance.

>

> Again, we are sorry for the delay in responding to you and I know that  
> Steve Bryant will contact you very soon. If I can help you in any way  
with

> any individual customer, please feel free to contact me any time.

>

> Thanks

>

>

> Virginia Anthony

> Bay State Gas Company

> 55 Marston St., Lawrence MA

> Telephone: 978-687-1105 Ext 4402

>

>

>

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO  
RECORD REQUESTS FROM THE UWUA LOCAL 273

D.T.E. 05-27

Date: August 2, 2005

Responsible: Stephen H. Bryant, President

RR-UWUA-8: As a supplement to UWUA-2-6, provide the level of NiSource's long-term and short-term debt for each year, 1998 to 2004.

Response: Attachment RR-UWUA-08 contains the requested material.

**NiSource Inc. & Subsidiaries**  
**Schedule of Long-Term and Short-Term Debt**  
**1998-2004**

<i>As of December 31, (in millions)</i>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
Long-Term Debt	\$ 1,668.0	\$ 1,775.8	\$ 5,802.7	\$ 6,065.1	\$ 4,849.5	\$ 5,993.4	\$ 4,835.9
Current Portion of Long-Term Debt	6.8	173.5	64.8	411.3	1,224.9	118.3	1,299.9
Company-obligated mandatorily redeemable preferred securities	-	345.0	345.0	345.0	345.0	-	-
Short-Term Debt	411.0	651.3	2,496.7	1,854.3	913.1	685.5	307.6
<b>Total</b>	<b>\$ 2,085.8</b>	<b>\$ 2,945.6</b>	<b>\$ 8,709.2</b>	<b>\$ 8,675.7</b>	<b>\$ 7,332.5</b>	<b>\$ 6,797.2</b>	<b>\$ 6,443.4</b>

*Periods prior to 2000 have not been restated for discontinued operations*